

REPUBLIC OF KENYA



14-15

OFFICE OF THE AUDITOR-GENERAL

REPORT

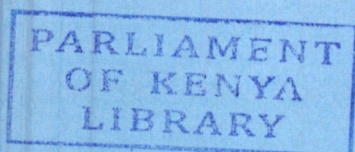
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NON-GOVERNMENTAL ORGANIZATIONS  
CO-ORDINATION BOARD

FOR THE YEAR ENDED  
30 JUNE 2016







# **NGOs CO-ORDINATION BOARD**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2016**

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Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector  
Accounting Standards (IPSAS)



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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

#### **Incorporation/Establishment**

The Non-Governmental Organizations Co-ordination Board simply referred to as the NGOs Co-ordination Board, was established by an Act of Parliament in 1990 under the provisions of the State Corporations Act, Cap 446 of the Laws of Kenya.

#### **(b) Principal Activities**

The principal activities of the NGOs Co-ordination Board includes but not limited to register, co-ordinate and facilitate the work of all national and international NGOs operating in/from Kenya.

*Its mission is to efficiently and effectively regulate and enable the charitable sector to enhance its role in national development*

#### **(c) Key Management**

The NGO Board's day-to-day management is under the Executive Director.

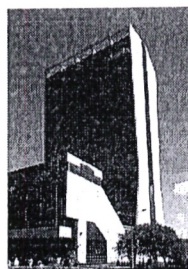
#### **(d) Fiduciary Oversight Arrangements**

The Board plays the fiduciary responsibility role which is achieved through the following committees.

1. Finance and Administration Committee
2. Resource Mobilization Committee
3. Audit and Risk Committee
4. Operations and Compliance Committee

#### **(e) Registered Headquarters**

Co-operative Bank House 15<sup>th</sup> floor  
Haile Selassie Avenue  
P.O Box 44617-00100  
Nairobi  
**Kenya**



Co-op Bank House 15<sup>th</sup> floor NGO Board's HQs

#### **(f) Contacts**

Telephone 254-02- 2214044  
E-mail: [info @ngobureau.or.ke](mailto:info@ngobureau.or.ke)  
Website: [www.ngobureau.or.ke](http://www.ngobureau.or.ke)



## KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

**(g) Bankers**

Co-operative Bank of Kenya Limited  
Co-op House Branch  
P.O Box 67881 00200  
Telephone: 3276279  
Nairobi  
**Kenya**

**(h) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084 - 00100  
Nairobi,  
**Kenya**

**(i) Principal Legal Adviser**

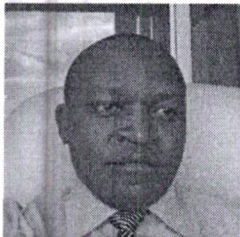
The Office of the Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112-00200  
City Square  
Nairobi,  
**Kenya**



## II. BOARD OF DIRECTORS

| 1. The Director's name and key profession/academic qualifications                                              | Description of each Director's date of birth, key qualifications and work experience                                          |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|  <p>Dr. Mary Njoki Ndiba</p>  | <p>Vice Chairperson<br/>MA,MSW,PhD<br/>Appointed on 2<sup>nd</sup> October 2015</p>                                           |
|  <p>Simon Mbugua</p>         | <p>Former Member of Parliament<br/>Appointed on 2<sup>nd</sup> October 2015</p>                                               |
|  <p>Yusuf Mahamed Fazul</p> | <p>Chief Executive and secretary to the Board<br/>since 14<sup>th</sup> November 2014<br/>Bachelor of Business Management</p> |

## II. MANAGEMENT TEAM

| Name                                                                                                          | Area of responsibility                                                                                                 |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| <br>Yusuf Mahamed Fazul      | <p><b>Chief Executive</b></p> <p>Bachelor of Business Management</p>                                                   |
| <br>Andrew A. Ogombe        | <p><b>Deputy Chief Executive</b></p> <p>Master in Business Administration</p>                                          |
| <br>CPA David. R. K. Njane | <p><b>Finance Manager</b></p> <p>Certified Public Accountant, CPA(K )</p>                                              |
| <br>CPA Bernard N. Bwoma   | <p><b>Audit and Risk Manager</b></p> <p>Master in Business Administration<br/> Certified Public Accountant, CPA(K)</p> |

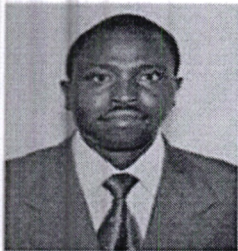




Nixon Sekoh

**Corporate Affairs Manager**

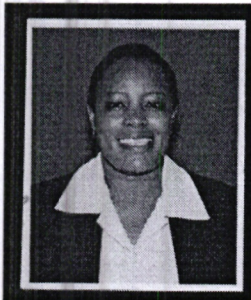
Degree – Rural Sociology and Community Development



Richard Chesos

**Public Relations Manager**

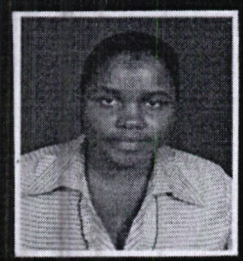
Bachelor of Education



Josephine W. Ngatia

**Human Resource and Development Manager**

Bachelor of Administration – Human Resource Management & Development



Doris Muthini

**Supply Chain Manager**

Advanced Diploma – Purchasing & Supply  
CIPS



Joyce Naisiala

**Operations and Guidance Manager**

Bachelor of Business Administration - Human Resource Management Option



Lindon Otieno

**Legal Affairs Manager**  
Bachelor of Laws - LLB

*Note: The Executive Director is the Secretary to the Board*



## II. VICE – CHAIRPERSON’S STATEMENT

The NGOs Board is a Government State Corporation whose mandate is to register and regulate the NGOs sector in Kenya. To date, there are over 10,000 registered NGOs in Kenya, operating in virtually all Counties and sector of the economy. It is estimated that NGOs contribute about 100 million shillings to the Kenyan annually. These amounts utilized by NGOs implies that the Government needs to consider the sector seriously through proper facilitation and adequate regulation

In terms of finances, the year 2015/16, was good to the NGOs Board. The Exchequer increased our budget considerably leading to the achievements of key activities. This therefore meant that keys activities were performed and targets achieved. . Further, the increase in A in A ensured that we were able to meet targets set in our Performance Contracting obligations.

The Board’s financial policy enabled us to ensure that available funds were utilized for the intended purposes. The Board of Directors are committed in ensuring that there is an enabling environment for NGOs thrive, considering the fact their contribution to national development Looking forward to a better financial year 2016/17.



**Vice Chairperson**

### III. REPORT OF THE CHIEF EXECUTIVE OFFICER

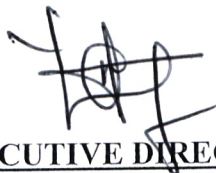
In order to understand the workings of the NGOs Board, it is important to acknowledge its background. Prior to the enactment of the NGOs Act, NGOs were registered under different legal regimes. This made it difficult to monitor and regulate their activities, thus the creation of the NGOs Act.

Section 7 of the NGOs Act of 1990 defines the functions of the Board as:

- a) To facilitate and co-ordinate the work of all national and international NGOs operating in Kenya.
- b) To maintain the register of National and International NGOs operating in Kenya, with the precise sectors, affiliations and locations of their activities.
- c) To receive and discuss the annual reports of NGOs.
- d) To advise the government on the activities of the NGOs and their role in National Development within Kenya.
- e) To conduct a regular review of the register to determine the consistency with the reports submitted by the NGOs and the Council.
- f) To provide policy guidelines to the NGOs for harmonizing their activities to the National Development Plan for Kenya.
- g) To receive discuss and approve the regular reports of the Council and to advise on strategies for efficient planning and Co-ordination of the activities of NGOs in Kenya
- h) To develop and publish a code of conduct for the regulation of NGOs and their activities in Kenya.
- i) To prescribe rules and procedures for the audit of the accounts of NGOs.

In terms of finances, the year 2015/16, was good to the NGOs Board. The Exchequer increased our budget considerably leading to the achievement of key activities and targets. . Further, the increase in A in A ensured that we were able to meet targets as set out in our Performance Contracting obligations.

Thank you.



**EXECUTIVE DIRECTOR**



#### **IV. CORPORATE GOVERNANCE STATEMENT**

Since its operationalization in 1992, the NGOs Co-ordination Board is administered by a Board of Directors. The Board reports to the Cabinet Secretary Devolution and Planning

##### **Composition of the Board**

1. A Chairman appointed by the President
2. The Executive Director who is the Secretary to the Board and a non-voting member appointed by the Cabinet Secretary in charge of the NGO portfolio
3. Two members appointed by the Minister in charge of the NGOs Portfolio
4. Three members seconded by the National Council of NGOs
5. The Attorney General
6. The Permanent Secretary, Ministry of Foreign Affairs
7. The Permanent Secretary, National Treasury

##### **Functions of the Board**

- a) To facilitate and co-ordinate the work of all national and international NGOs operating in Kenya.
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- h) To develop and publish a code of conduct for the regulation of NGOs and their activities in Kenya.
- i) To prescribe rules and procedures for the audit of the accounts of NGOs.

##### **Code of Conduct**

The Board of Directors are obligated to follow the State Corporations and Civil Service Codes of Conduct and Rules and Regulations

##### **Meetings**

The Boards meets quarterly. However in extra ordinary circumstances, the Board may hold special meetings

##### **Operating Procedures**

As per the NGOs Act, the Board may form committees to facilitate its work. The Committees are:

1. Finance and Administration Committee

2. Resource Mobilization Committee
3. Audit and Risk Committee
4. Operations and Compliance Committee

The day to day activities of the Board are undertaken by a Secretariat headed by the Executive Director. The Board has 79 members of staff stationed in the Nairobi, Kisumu, Eldoret and Garissa offices.



## V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

This Statement is about how NGOs Co-ordination Board takes account of its economic, social and environmental impact in the way it operates as an organization.

By demonstrating our commitment to Corporate Social Responsibility we aim to align our organization values, purpose and Strategy with the needs of our clients, whilst embedding such responsible and ethical principles into everything we do.

The elements of this Statement cover our approach in dealing with our clients, suppliers and the local community principles in an effort to support reducing our energy, procurement, transport, water use and other business usage to reduce our carbon footprint and environmental impact.

### Environment

Protection of the environment in which we live and operate is part of NGO Co-ordination Board values and principles and we consider it to be sound organization practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

This Statement should also be read in conjunction with our Code of Regulations

In this policy statement we commit our organization to:

Complying with all relevant environmental legislation, regulations and approved codes of practice.

- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- Managing and disposing of all waste in a responsible manner
- Providing training for our staff so that we all work in accordance with this policy statement and within an environmentally aware culture
- Regularly communicating our environmental performance to our employees and other significant stakeholders
- Developing our management processes to ensure that environmental factors are considered during planning and implementation
- Monitoring and continuously improving our environmental performance.

The nature of our work as a Board means that we do not inherently have a high environmental impact but we will take consideration of environmental issues in the services we provide and endeavour to reduce our environmental impact to an absolute minimum.

The Directors will ensure that the organization reduces the environmental impact on the organization by:

- Using such facilities as web-ex and conference call facilities
- By using vehicles that are regularly serviced and checked with regards to their emission levels and economically use their fuel.
- Ensuring that all lights and equipment are switched off when not required
- Ensuring that water is used efficiently within the offices
- Using scrap paper for drafts and notes
- Printing in mono and double sided wherever possible

- Recycling all waste (shredding all unwanted documentation)
- Not printing unnecessary emails
- Working with like-minded suppliers who take steps to minimize their environmental impact
- Encouraging NGOs during induction workshops to take steps to minimize their environmental impact

### **Local Community**

The Directors will also ensure that our work with the local community involves:

- Working and supporting local and national charities
- Encouraging volunteer work in community activities
- Undertaking voluntary business advisory services via professional bodies

### **Clients**

The Directors will also ensure that we deal responsibly, openly and fairly with clients and potential clients by:

- Ensuring that all our advertising and documentation about the organization and its activities are clear, informative, legal, decent, honest and truthful
- Being open and honest about our services and telling customers what they want to know, including what we do to be socially responsible
- Ensuring that if something goes wrong we will acknowledge the problem and deal with it
- We will listen to our clients so that this can help us improve the services we offer to them
- Ensuring that we benchmark and evaluate what we do in order to constantly improve our services to our stake holders.

The Directors will also ensure that we deal responsibly, openly and fairly with suppliers by:

- Ensuring that we use Youth and women suppliers as much as possible
- That we will endeavour to pay our suppliers on time.

The operational and ultimate responsibility for the commitment to our corporate social responsibility principles lies with the Directors of NGO Board. Every employee of NGO Co-ordination Board is expected to give their full co-operation to the above principles in their activities at work.

Consultants or visitors are also expected to apply our environmental principles.

The effectiveness of the Policy Statement will be monitored and reviewed at least annually by the Directors to ensure the organization continuing compliance with any relevant legislation and to meet new stakeholder's requirements and to identify areas in need of improvement. We will also ensure that all areas changes will be brought to the attention of employees as necessary.



## **VI. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the *entity's* affairs.

### **Principal activities**

The principal activities of the NGOs Co-ordination Board includes to register, regulate and facilitate the work of all National and International NGOs operating in/from Kenya

### **Results**

The results of the entity for the year ended June 30, 2016 are set out on pages 1 to 5.

### **Directors**

The members of the Board of Directors who served during the year are shown on page 111

### **Auditors**

The Auditor General is responsible for the statutory audit of the entity in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board.



Executive Director  
Secretary to the Board

**Nairobi**

Dated: 29/09/2016

## VII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 11 of the State Corporations Act, require the Directors to prepare financial statements in respect of the NGOs Co-ordination Board, which give a true and fair view of the state of affairs of the NGOs Co-ordination Board at the end of the financial year and the operating results of the NGOs Co-ordination Board for that year. The Directors are also required to ensure that the NGOs Co-ordination Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the NGOs Co-ordination Board. The Directors are also responsible for safeguarding the assets of the NGOs Co-ordination Board.

The Directors are responsible for the preparation and presentation of the NGOs Co-ordination Board's financial statements, which give a true and fair view of the state of affairs of the NGOs Co-ordination Board for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGOs Co-ordination Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGOs Co-ordination Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the NGOs Co-ordination Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the NGOs Co-ordination Board's financial statements give a true and fair view of the state of NGOs Co-ordination Board's transactions during the financial year ended June 30, 2016, and of the NGOs Co-ordination Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the NGOs Co-ordination Board, which have been relied upon in the preparation of the NGOs Co-ordination Board's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the NGOs Co-ordination Board will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The NGOs Co-ordination Board's financial statements were approved by the Board on 29/09/2016 and signed on its behalf by:

Vice chairperson



Executive Director





# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NON-GOVERNMENTAL ORGANIZATIONS CO-ORDINATION BOARD FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Non-Governmental Organizations Co-ordination Board set out on pages 1 to 17, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

#### Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of

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*Report of the Auditor-General on the Financial Statements of Non-Governmental Organizations Co-ordination Board for the year ended 30 June 2016*



the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

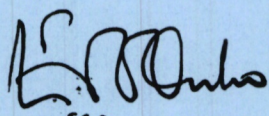
### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Non-Governmental Organization Co-ordination Board as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Non-Governmental Organizations Co-ordination Act, 1990.

### **Other Matter**

#### **Constitution of the Board**

The annual report and financial statements at Page III show that the Board operated with only three members including the executive director during the year under review instead of nineteen members as provided for under Section 4 of the Non-Governmental Organization Coordination Act, 1990. Section 6(4) of the Act requires at least six members to be present and form the necessary quorum for the business of the Board. Therefore, strategic and policy functions of the Board as specified under Section 7 of the Act appear not to have been lawfully and effectively discharged as a result of failure to have the required number of board members.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**24 May 2017**

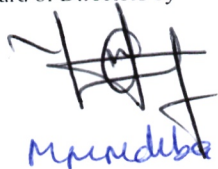


**NGO COORDINATION BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 JUNE 2016**

|                                                     | Notes | 2016<br>Kshs      | 2015<br>Kshs        |
|-----------------------------------------------------|-------|-------------------|---------------------|
| <b>Assets</b>                                       |       |                   |                     |
| <b>Current assets</b>                               |       |                   |                     |
| Cash and cash equivalents                           | 10    | 11,275,935        | 381,268             |
| Receivables from exchange transactions              | 11    | 6,641,813         | 5,366,140           |
| Receivables from non-exchange transactions          | 12    | 1,403,591         | 504,916             |
| Inventories                                         | 13    | 714,704           | 335,533             |
| <b>Total current assets</b>                         |       | <b>20,036,043</b> | <b>6,587,857</b>    |
| <b>Non-current assets</b>                           |       |                   |                     |
| Property, plant and equipment                       | 14    | 17,162,405        | 14,102,036          |
| <b>Total non current assets</b>                     |       | <b>17,162,405</b> | <b>14,102,036</b>   |
| <b>Total assets</b>                                 |       | <b>37,198,448</b> | <b>20,689,893</b>   |
| <b>Liabilities</b>                                  |       |                   |                     |
| <b>Current liabilities</b>                          |       |                   |                     |
| Trade and other payables from exchange transactions | 15    | 10,061,817        | 34,070,636          |
| <b>Total current liabilities</b>                    |       | <b>10,061,817</b> | <b>34,070,636</b>   |
| <b>Total liabilities</b>                            |       | <b>10,061,817</b> | <b>34,070,636</b>   |
| <b>Net assets</b>                                   |       | <b>27,136,631</b> | <b>(13,380,744)</b> |
| Reserves                                            |       | -                 | 222,558             |
| Accumulated surplus/ Deficit                        |       | 27,136,631        | (13,603,302)        |
| Minority interest                                   |       | -                 | -                   |
| <b>Total net assets and liabilities</b>             |       | <b>27,136,631</b> | <b>(13,380,744)</b> |

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of Directors by

Executive Director



Date: 29/09/2016

Vice Chairperson of the Board



Date: 29/09/2016

NGO COORDINATION BOARD  
STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 30 JUNE 2016

|                                                                 | Notes | 2016<br>Kshs       | 2015<br>Kshs       |
|-----------------------------------------------------------------|-------|--------------------|--------------------|
| Revenue from non-exchange transactions                          | 3     | 226,673,560        | 223,013,913        |
| <b>Total revenue</b>                                            |       | <b>226,673,560</b> | <b>223,013,913</b> |
| <b>Expenses</b>                                                 |       |                    |                    |
| Employee costs                                                  | 4     | 108,972,617        | 103,092,252        |
| Board expenses                                                  | 5     | 1,186,500          | 13,233,985         |
| Depreciation and amortization expense                           | 6     | 4,568,823          | 3,393,087          |
| Repairs and maintenance                                         | 7     | 1,110,068          | 2,609,271          |
| General expenses                                                | 8     | 70,028,890         | 89,466,140         |
| <b>Total expenses</b>                                           |       | <b>185,866,897</b> | <b>211,794,735</b> |
| <b>Other losses</b>                                             |       |                    |                    |
| Loss on sale of assets                                          | 9     | 66,730             | -                  |
| <b>Surplus before tax</b>                                       |       | <b>40,739,933</b>  | <b>11,219,178</b>  |
| Taxation                                                        |       | -                  | -                  |
| <b>Surplus for the period</b>                                   |       | <b>40,739,933</b>  | <b>11,219,178</b>  |
| <b>Surplus attributable to owners of the controlling entity</b> |       | <b>40,739,933</b>  | <b>11,219,178</b>  |

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of directors by

Executive Director

Date: 29/09/2016

Vice Chairperson of the Board

Date: 29/09/2016

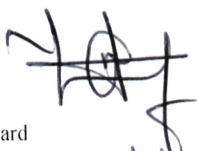


NGO COORDINATION BAORD  
STATEMENT OF CHANGES IN NET ASSETS  
For the Year ended 30 June 2016

|                                    | Reserves<br>Kshs | Accumulated surplus<br>Kshs | Total<br>Kshs |
|------------------------------------|------------------|-----------------------------|---------------|
| Balance as at 30th June 2014       | 317,940          | (24,917,862)                | (24,599,922)  |
| surplus for the period             |                  | 11,314,560                  | 11,314,560    |
| Prior year adjustments             | (95,382)         | -                           | (95,382)      |
| Balance as at 30 JUNE 2015         | 222,558          | (13,603,302)                | (13,380,744)  |
| Surplus for the period             |                  | 40,739,933                  | 40,739,933    |
| Transfers from accumulated surplus | (222,558)        |                             | (222,558)     |
| Balance as at 30 June 2016         |                  | 27,136,631                  | 27,136,631    |

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of Directors by

Executive Director



Date: 29/09/2016

Vice Chairperson of the Board



Date: 29/09/2016

NGO COORDINATION BOARD  
STATEMENT OF CASH FLOWS  
As at 30th JUNE 2016

|                                                              | Notes | 2016<br>Kshs       | 2015<br>Kshs       |
|--------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                  |       |                    |                    |
| <b>Receipts</b>                                              |       |                    |                    |
| Government grants and subsidies                              | 3     | 185,831,875        | 178,478,500        |
| Rendering of services                                        |       |                    |                    |
| Sale of goods                                                | 14b   | 192,150            | 95,382             |
| Finance income                                               | 15    | 1,257,521          |                    |
| Other income, rentals and agency fees                        | 3     | 40,649,535         | 44,535,413         |
|                                                              |       | <b>227,931,081</b> | <b>223,109,295</b> |
| <b>Payments</b>                                              |       |                    |                    |
| Compensation of employees                                    | 18    | 131,854,882        | 103,092,252        |
| Goods and services                                           | 18    | 65,456,480         | 78,265,577         |
| Finance cost                                                 |       |                    |                    |
| Rent paid                                                    | 18    | 11,409,911         | 11,200,563         |
| Taxation paid                                                |       |                    |                    |
| Other payments(gratuity)                                     |       |                    | 15,843,256         |
| Grants and subsidies paid                                    |       |                    |                    |
|                                                              |       | <b>208,721,273</b> | <b>208,401,648</b> |
| <b>Net cash flows from operating activities</b>              |       | <b>19,209,808</b>  | <b>14,707,647</b>  |
| <b>Cash flows from investing activities</b>                  |       |                    |                    |
| Purchase of property, plant, equipment and intangible assets |       | (7,888,072)        | (7,733,915)        |
| Proceeds from sale of property, plant and equipment          |       | 192,150            |                    |
| Decrease in non-current receivables                          |       |                    |                    |
| <b>Increase in investments</b>                               |       |                    |                    |
| Net cash flows used in investing activities                  |       | (7,695,922)        | (7,733,915)        |
| <b>Net cash flows used in financing activities</b>           |       | (7,695,922)        | (7,733,915)        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  |       | <b>11,513,887</b>  | <b>(1,165,307)</b> |
| Cash and cash equivalents at 1 July 2015                     | 10    | (237,952)          | 927,355            |
| <b>Cash and cash equivalents at 30 June 2016</b>             | 10    | <b>11,275,935</b>  | <b>(237,952)</b>   |

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of Directors by

Executive Director

Date: 29/09/2016

Vice Chairperson of the Board

Date: 29/09/2016



NGO COORDINATION BOARD  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
2015-2016

|                                  | Original Budget    | Adjustments         | Final Budget       | Actual on<br>comparable basis | Performance<br>difference | Performance<br>difference |
|----------------------------------|--------------------|---------------------|--------------------|-------------------------------|---------------------------|---------------------------|
|                                  | 2015-2016<br>Kshs  | 2015-2016<br>Kshs   | 2015-2016<br>Kshs  | 2015-2016<br>Kshs             | 2015-2016<br>Kshs         | %<br>%                    |
| <b>Revenue</b>                   |                    |                     |                    | 192,150                       | (192,150)                 |                           |
| Disposal of assets               |                    |                     |                    |                               |                           | 100%                      |
| Government recurrent             | 126,000,000        | (5,543,125)         | 120,456,875        | 120,456,875                   | -                         | 100%                      |
| development                      | 75,000,000         | (9,625,000)         | 65,375,000         | 65,375,000                    | -                         | 100%                      |
| Appropriation in Aid             | 43,000,000         | (2,350,465)         | 40,649,535         | 40,649,535                    | -                         | 100%                      |
|                                  | <b>244,000,000</b> | <b>(17,518,590)</b> | <b>226,481,410</b> | <b>226,673,560</b>            | <b>(192,150)</b>          | <b>100%</b>               |
| <b>Total income</b>              |                    |                     |                    |                               |                           |                           |
| <b>Expenses</b>                  |                    |                     |                    |                               |                           |                           |
| Board, Committees and Programmes |                    |                     |                    |                               |                           | 0%                        |
| Board Sitting allowance          | 1,320,000          | -                   | 1,320,000          | 1,186,500                     | 133,500                   | 0%                        |
| PPR Committee                    | 500,000            | (500,000)           | -                  | -                             | -                         | 0%                        |
| FINAD Meeting                    | 700,000            | (700,000)           | -                  | -                             | -                         | 0%                        |
| Audit Committee                  | 320,000            | (320,000)           | -                  | -                             | -                         | 0%                        |
| Resource Mobilization            | 320,000            | (320,000)           | -                  | -                             | -                         | 0%                        |
| W/Permit                         | 720,000            | (720,000)           | -                  | -                             | -                         | 0%                        |
| Lunches                          | 394,000            | (394,000)           | -                  | -                             | -                         | 0%                        |
| Subsistence                      | 1,380,000          | (1,380,000)         | -                  | -                             | -                         | 0%                        |
| Mileage                          | 2,544,640          | (2,544,640)         | -                  | -                             | -                         | 0%                        |
| Fees, commission & honorari      | 960,000            | (960,000)           | -                  | -                             | -                         | 0%                        |
| Basic salaries                   | 69,083,901         | (7,000,000)         | 62,083,901         | 61,807,697                    | 276,204                   | 0%                        |
| House allowances                 | 29,016,000         | (6,500,000)         | 22,516,000         | 22,440,500                    | 75,500                    | 0%                        |
| comuter allowance                | 6,416,007          | (600,000)           | 5,816,007          | 5,815,521                     | 486                       | 0%                        |
| Leave and passage                | 5,385,342          | (1,000,000)         | 4,385,342          | 3,621,652                     | 763,690                   | 17%                       |
| Other allowances                 | 3,007,449          | 700,000             | 3,707,449          | 3,423,712                     | 283,737                   | 8%                        |
| Pension                          | 6,402,411          | 3,000,000           | 9,402,411          | 9,391,818                     | 10,593                    | 0%                        |
| Transfer allowance               |                    | 1,200,000           | 1,200,000          | 1,077,617                     | 122,383                   | 10%                       |
| NSSF                             | 5,268,304          | (4,800,000)         | 468,304            | 129,300                       | 339,004                   | 72%                       |
| bank charges                     | 392,000            | -                   | 392,000            | 346,173                       | 45,827                    | 12%                       |
| Insurance costs                  | 11,000,000         | (1,000,000)         | 10,000,000         | 9,611,573                     | 388,427                   | 4%                        |
| Internet connections             | 2,412,956          |                     | 2,412,956          | 2,048,977                     | 363,979                   | 15%                       |
| Professional services            | 6,008,997          | (3,500,000)         | 2,508,997          | 2,482,582                     | 26,415                    | 1%                        |
| Domestic travel & accomoda       | 9,800,000          | 14,000,000          | 23,800,000         | 23,587,101                    | 212,899                   | 1%                        |
| Foreign travel & subsistence     | 500,000            | 1,900,000           | 2,400,000          | 2,374,680                     | 25,320                    | 1%                        |
| Fuel, Oil                        | 2,940,000          | (1,000,000)         | 1,940,000          | 1,415,505                     | 524,495                   | 27%                       |
| Motor vehicles maintenance       | 464,030            |                     | 464,030            | 362,673                       | 101,357                   | 22%                       |
| General Maintenance other a      | 1,202,323          |                     | 1,202,323          | 747,395                       | 454,928                   | 38%                       |
| Library expenses & magazin       | 725,200            |                     | 725,200            | 365,068                       | 360,132                   | 50%                       |
| hospitality                      | 3,040,450          | 2,000,000           | 5,040,450          | 4,894,930                     | 145,520                   | 3%                        |
| Postal services                  | 470,400            |                     | 470,400            | 251,444                       | 218,956                   | 47%                       |
| Office general supplies          | 5,539,548          | (2,000,000)         | 3,539,548          | 2,629,895                     | 909,653                   | 26%                       |
| Publishing and advertising       | 1,500,000          | (450,000)           | 1,050,000          | 1,023,000                     | 27,000                    | 3%                        |
| Rent and rates                   | 10,580,000         | 850,000             | 11,430,000         | 11,409,911                    | 20,089                    | 0%                        |
| Telephone expenses               | 1,664,935          | (100,000)           | 1,564,935          | 1,523,902                     | 41,033                    | 3%                        |
| Training and workshop expe       | 9,045,000          | (5,427,487)         | 3,617,513          | 2,982,750                     | 634,763                   | 18%                       |
| Procurement committee            | 500,000            | (380,000)           | 120,000            | 41,000                        | 79,000                    | 66%                       |
| ISO Expenses                     | 1,267,627          | 400,000             | 1,667,627          | 1,087,658                     | 579,969                   | 35%                       |
| Audit fee provision              | -                  | 375,840             | 375,840            | 375,840                       | -                         | 0%                        |
| Gratuity provision               | -                  | 1,400,000           | 1,400,000          | 1,264,800                     | 135,200                   | 10%                       |
| scheme of service                | -                  | 2,051,697           | 2,051,697          | 1,576,900                     | 474,797                   | 23%                       |
| depreciation                     |                    | -                   |                    | 4,568,823                     | (4,568,823)               |                           |
| Loss on disposal of assets       |                    |                     | -                  | 66,730                        | (66,730)                  |                           |
| <b>Total expenditure</b>         | <b>202,791,520</b> | <b>(13,718,590)</b> | <b>189,072,930</b> | <b>185,933,627</b>            | <b>3,139,303</b>          |                           |
| <b>Surplus for the period</b>    | <b>41,208,480</b>  | <b>(3,800,000)</b>  | <b>37,408,480</b>  | <b>40,739,933</b>             | <b>(3,331,453)</b>        |                           |

## **I. NOTES TO THE FINANCIAL STATEMENTS**

### **1. Statement of compliance and basis of preparation – IPSAS 1**

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### **2. Summary of significant accounting policies**

#### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions – IPSAS 23**

###### **Fees, taxes and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

##### **ii) Revenue from exchange transactions – IPSAS 9**

###### ***Rendering of services***

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### ***Sale of goods***

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.



**b) Budget information – IPSAS 24**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**c) Taxes – IAS 12**

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**d) Property, plant and equipment – IPSAS 17**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The annual rates used are motor vehicles 25%, Furniture & equipment 12.5 %, and computers 30%

#### **h) Inventories – IPSAS 12**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

#### **i) Provisions – IPSAS 19**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

#### ***Contingent liabilities***

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.



**j) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

**k) Changes in accounting policies and estimates – IPSAS 3**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**l) Employee benefits – IPSAS 25**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and councilors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**m) Foreign currency transactions – IPSAS 4**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**o) Related parties – IPSAS 20**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**s) Significant judgments and sources of estimation uncertainty – IPSAS 1**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.



### *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### *Useful lives and residual values*

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

### *Provisions*

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

### **t) Subsequent events – IPSAS 14**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

|                                                      | 30/06/2016<br>Kshs | 30/062015<br>Kshs  |
|------------------------------------------------------|--------------------|--------------------|
| <b>3 (i) Revenue from exchange transactions</b>      |                    |                    |
| Others                                               | 192,150            | 95,382             |
| <b>3 (ii) Revenue from non-exchange transactions</b> |                    |                    |
| Grant transfers from the Government Reccurrent       | 185,831,875        | 178,478,500        |
| Internaly generated revenue                          | 40,649,535         | 44,535,413         |
|                                                      | <b>226,481,410</b> | <b>223,013,913</b> |
| <b>Total government grants and subsidies</b>         | <b>226,673,560</b> | <b>223,013,913</b> |

#### 4. Employee costs

|                                                                     | 30/06/2016<br>Shs  | 30/062015<br>Shs   |
|---------------------------------------------------------------------|--------------------|--------------------|
| Employee related costs - salaries and wages                         | 61,807,697         | 59,012,110         |
| Employee related costs - contributions to pensions and medical aids | 9,391,818          | 10,198,056         |
| NSSF                                                                | 129,300            | 148,600            |
| transfer and luggage allowances                                     | 1,077,617          | -                  |
| Housing benefits and allowances                                     | 22,440,500         | 18,053,500         |
| other allowances                                                    | 3,423,712          | 4,218,938          |
| Leave allowances                                                    | 3,621,652          | 4,473,303          |
| Gratuity Executive Director                                         | 1,264,800          | 1,377,796          |
| Gratuity paid                                                       | -                  | -                  |
| Commuter allowances                                                 | 5,815,521          | 5,609,949          |
| Expenditure recharged to capital projects                           |                    |                    |
| <b>Employee costs</b>                                               | <b>108,972,617</b> | <b>103,092,252</b> |

#### 5. Board Expenses

|                             | 30/06/2016<br>Shs | 30/062015<br>Shs  |
|-----------------------------|-------------------|-------------------|
| Sitting allowance           | 1,186,500         | 6,785,920         |
| Lunches                     | -                 | 369,088           |
| Subsistence                 | -                 | 2,852,000         |
| Mileage                     | -                 | 2,426,977         |
| Fees, commission& honoraria | -                 | 800,000           |
| <b>Total Board Expenses</b> | <b>1,186,500</b>  | <b>13,233,985</b> |

#### 6. Depreciation and amortization expense

|                                            | 30/06/2016<br>Shs | 30/062015<br>Shs |
|--------------------------------------------|-------------------|------------------|
| Property, plant and equipment              | 1,355,856         | 1,275,467        |
| Motor vehicles                             | 261,734           | 348,979          |
| Computers                                  | 2,951,233         | 1,768,641        |
| armotised computers                        |                   |                  |
| <b>Total depreciation and amortization</b> | <b>4,568,823</b>  | <b>3,393,087</b> |



## 7. Repairs and maintenance

|                                       |
|---------------------------------------|
| Investment property – earning rentals |
| Equipment                             |
| Vehicles                              |
| <b>Total repairs and maintenance</b>  |

| 30/06/2016       | 30/062015        |
|------------------|------------------|
| KShs             | KShs             |
| 747,395          | 2,239,427        |
| 362,673          | 369,844          |
| <b>1,110,068</b> | <b>2,609,271</b> |

## 8. General expenses

The following are included in general expenses:

|                                         |
|-----------------------------------------|
| Bank charges                            |
| review of the Act & task force expenses |
| siver jubilee cerebrations              |
| Computer and Internet connections       |
| Professinal services                    |
| Domestic travel & accomodation          |
| Foreign travel & subsistence            |
| Fuel and Oil                            |
| Insurance costs                         |
| Library expenses & magazines            |
| procurement committee                   |
| hospitality                             |
| Postal services                         |
| Office general supplies                 |
| Publishing and advertising              |
| Rent and rates                          |
| staff uniforms                          |
| Telephone expenses                      |
| Training and workshop expenses          |
| ISO certification                       |
| Audit fee provision                     |
| Scheme of service                       |
| <b>Total General expences</b>           |

| 30/06/2016        | 30/062015         |
|-------------------|-------------------|
| Shs               | Shs               |
| 346,173           | 538,739           |
| -                 | 21,079,527        |
| -                 | 9,346,000         |
| 2,048,977         | 1,498,646         |
| 2,482,582         | 3,547,830         |
| 23,587,101        | 13,076,807        |
| 2,374,680         | 222,694           |
| 1,415,505         | 1,105,355         |
| 9,611,573         | 13,189,382        |
| 365,068           | 314,444           |
| 41,000            | 234,500           |
| 4,894,930         | 4,217,754         |
| 251,444           | 556,695           |
| 2,629,895         | 4,259,261         |
| 1,023,000         | 1,001,693         |
| 11,409,911        | 11,200,563        |
| -                 | -                 |
| 1,523,902         | 1,630,120         |
| 2,982,750         | 1,578,690         |
| 1,087,658         | 491,600           |
| 375,840           | 375,840           |
| 1,576,900         |                   |
| <b>70,028,890</b> | <b>89,466,140</b> |

## 9. Total loss on sale of assets

|                                     |
|-------------------------------------|
| Property, plant and equipment       |
| Other assets                        |
| <b>Total gain on sale of assets</b> |

| 30/06/2016    | 30/062015 |
|---------------|-----------|
| Shs           | Shs       |
| 66,730        | -         |
| <b>66,730</b> | <b>-</b>  |

**10. Cash and cash equivalents**

|                                        | 30/06/2016        | 30/06/2015     |
|----------------------------------------|-------------------|----------------|
|                                        | KShs              | KShs           |
| Bank- Chase bank                       | 1,121,610         |                |
| coop bank - a/c 001                    | 134,495           | (59,893)       |
| coop bank - a/c 002                    | 9,964,012         | 376,361        |
| Cash-in-hand                           | 55,818            | 64,800         |
| Short-term deposits                    | -                 | -              |
| <b>Total cash and cash equivalents</b> | <b>11,275,935</b> | <b>381,268</b> |

**11. Receivables from exchange transactions**

|                          | 30/06/2016       | 30/06/2015       |
|--------------------------|------------------|------------------|
|                          | Shs              | Shs              |
| Current receivables      |                  |                  |
| Prepaid insurance        | 5,947,577        | 5,206,140        |
| Rent deposit             | 494,236          | 160,000          |
| Fuel deposit             | 200,000          |                  |
| <b>Total receivables</b> | <b>6,641,813</b> | <b>5,366,140</b> |

**12. Receivables from non-exchange contracts**

|                                  | 30/06/2016       | 30/06/2015       |
|----------------------------------|------------------|------------------|
|                                  | Shs              | Shs              |
| Current receivables              |                  |                  |
| Property tax debtors             |                  |                  |
| Salary advances                  | 1,403,591        | 504,916          |
| <b>Total current receivables</b> | <b>8,045,404</b> | <b>5,871,056</b> |

**13. Inventories**

|                                                                        | 30/06/2016     | 30/06/2015     |
|------------------------------------------------------------------------|----------------|----------------|
|                                                                        | Shs            | Shs            |
| Consumable stores                                                      | 714,704        | 335,533        |
| <b>Total inventories at the lower of cost and net realizable value</b> | <b>714,704</b> | <b>335,533</b> |



#### 14. Property, plant and equipment

|                                     | Motor vehicles<br>25%<br>Shs | Furn.& Equip.<br>12.5%<br>Shs | Computers<br>30%<br>Shs | Total<br>Shs |
|-------------------------------------|------------------------------|-------------------------------|-------------------------|--------------|
| Cost                                |                              |                               |                         |              |
| At 1 July 2014                      | 5,748,879                    | 13,071,548                    | 15,248,763              | 34,069,190   |
| Additions                           |                              | 5,250,716                     | 2,483,199               | 7,733,915    |
| Disposals                           |                              |                               |                         |              |
| Transfers/adjustments               |                              |                               |                         |              |
| At 30 June 2015                     | 5,748,879                    | 18,322,264                    | 17,731,962              | 41,803,105   |
| Additions                           | -                            | 2,074,362                     | 5,813,710               | 7,888,072    |
| Disposals                           |                              | (850,440)                     | (2,818,000)             | (3,668,440)  |
| Transfer/adjustments(armotization ) | -                            | -                             |                         | -            |
| At 30 June 2016                     | 5,748,879                    | 19,546,186                    | 20,727,672              | 46,022,737   |
| Depreciation and impairment         |                              |                               |                         | -            |
| At 1 July 2014                      | 4,352,965                    | 8,118,526                     | 11,836,492              | 24,307,983   |
| Depreciation                        | 348,979                      | 1,275,467                     | 1,768,641               | 3,393,087    |
| Disposals                           |                              |                               |                         | -            |
| Impairment                          |                              |                               |                         | -            |
| At 30 June 2015                     | 4,701,944                    | 9,393,993                     | 13,605,133              | 27,701,070   |
| Disposals                           |                              | (694,658)                     | (2,714,903)             | (3,409,560)  |
| Depreciation charge                 | 261,734                      | 1,355,856                     | 2,951,233               | 4,568,823    |
| Impairment                          | -                            |                               |                         | -            |
| Transfer/adjustment                 | -                            |                               |                         | -            |
| At 30 June 2016                     | 4,963,677                    | 10,055,192                    | 13,841,463              | 28,860,332   |
| Net book values                     |                              |                               |                         | -            |
| At 30 June 2016                     | 785,202                      | 9,490,994                     | 6,886,209               | 17,162,405   |
| At 30 June 2015                     | 1,046,936                    | 8,928,271                     | 4,126,829               | 14,102,036   |

#### 14b. Disposal of Property Plant and Equipment

During the year under review, some class of property plant and Equipment were disposed. Relevant Acts were follwed during the process as required by law. These assets were furniture & equipment and computers

|                                | Furniture &<br>Equipment | Computers   | Total       |
|--------------------------------|--------------------------|-------------|-------------|
| Total cost                     | 850,440                  | 2,818,000   | 3,668,440   |
| Total Accumulated Depreciation | (694,658)                | (2,714,903) | (3,409,560) |
| Net Book value at disposal     | 155,782                  | 103,097     | 258,880     |
| Cash received from disposal    | 170,000                  | 22,150      | 192,150     |
| Gain/(loss on disposal)        | 14,218                   | (80,947)    | (66,730)    |

#### 15. Trade and other payables from exchange transactions

|                                           | 30/06/2016        | 30/06/2015        |
|-------------------------------------------|-------------------|-------------------|
|                                           | KShs              | KShs              |
| Trade payables                            | 2,017,840         | 6,221,994         |
| Bank- Chase bank                          |                   | 388,361           |
| Coop bank - A/c 00                        | 1,257,521         | 230,859           |
| Unremitted Employer pension contributions | 1,157,219         | 12,209,941        |
| Unremitted PAYE                           | 1,812,142         | 13,641,685        |
| Gratuity Provision                        | 2,002,600         | 1,377,796         |
| Other payables                            | 1,814,495         | -                 |
| <b>Total trade and other payables</b>     | <b>10,061,817</b> | <b>34,070,636</b> |

#### 16. Current provisions

|                                         | Defined benefit plan | Total              |
|-----------------------------------------|----------------------|--------------------|
|                                         | KShs                 | KShs               |
| Current benefit obligation              | 105,122,970          | 105,122,970        |
| Non-current benefit obligation          | -                    | -                  |
| <b>Total employee benefit liability</b> | <b>105,122,970</b>   | <b>105,122,970</b> |

Current provision represent the pension scheme fund managed by Britam.

#### 17. Cash generated from operations

|                                                 | KShs              | KShs              |
|-------------------------------------------------|-------------------|-------------------|
| <b>Suplus for the year before tax</b>           | <b>40,739,933</b> | <b>11,314,560</b> |
| Adjusted for:                                   |                   |                   |
| Depreciation                                    | 4,568,823         | 3,393,087         |
| Gains and losses on disposal of assets          | 66,730            | -                 |
| capital grant amortization                      | (222,558)         | (95,382)          |
| <b>Working capital adjustments:</b>             |                   |                   |
| Increase in inventory                           | (379,172)         | 77,279            |
| Increase in receivables                         | (2,174,348)       | 3,431,960         |
| Increase in deferred income                     |                   |                   |
| Increase in payables                            | (24,008,819)      | (11,552,896)      |
| Increase in payments received in advance        |                   |                   |
| <b>Net cash flows from operating activities</b> | <b>18,590,589</b> | <b>6,568,608</b>  |

#### 18. Reconciliation on receipts and payments

|                            | Ksh.               |
|----------------------------|--------------------|
| Receivables b/f            | 5,871,056          |
| <b>Cash paid on;</b>       |                    |
| opening stock              | 335,533            |
| Employees                  | 131,854,882        |
| Rent                       | 11,409,911         |
| Other payments             | 65,456,480         |
| Payables c/d               | 10,061,817         |
|                            | <b>224,989,679</b> |
| Payables b/f               | 34,070,636         |
| Total employee cost        | 108,972,617        |
| Board expenses             | 1,186,500          |
| Repairs and maintenance    | 1,110,068          |
| General expenses           | 70,028,890         |
| Capital grant amortisation | 222,558            |
| Closing stock              | 714,704            |
| Receivables c/d            | 8,045,404          |
|                            | <b>224,351,377</b> |



# **I. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                   | Management comments                                                                                                   | Focal Point person to resolve the issue (Name and designation) | Status: Resolved/ Not resolved | Time frame: (Put a date when you expect the |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------|---------------------------------------------|
| Basis of qualification - Going concern     | A negative net assets of Ksh. 13 million. The Board unable to pay statutory deductions of Ksh. 27 million. Hence the Board is technically insolvent | The management has prioritized the issue raised and the statutory deductions have been paid and net assets is postive | Executive Director                                             | Resolved                       |                                             |
|                                            |                                                                                                                                                     |                                                                                                                       |                                                                |                                |                                             |
|                                            |                                                                                                                                                     |                                                                                                                       |                                                                |                                |                                             |
|                                            |                                                                                                                                                     |                                                                                                                       |                                                                |                                |                                             |
|                                            |                                                                                                                                                     |                                                                                                                       |                                                                |                                |                                             |
|                                            |                                                                                                                                                     |                                                                                                                       |                                                                |                                |                                             |

Executive Director



Date: 29/09/2016

Vice chairperson of the Board



Date: 29/09/2016